



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

m/053/005

FACSIMILE COVER SHEET

DATE: May 7, 1998

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 7

TO: Larry Hare
Bureau of Land Management
Wipac Resource Area

FAX NUMBER: 1-435-688-3252

FROM: Wayne Hedberg
Minerals Reclamation and Development Program

PHONE: (801) 538-5291

FAX: (801) 359-3940

SUBJECT: Emergency Order - USMX - m/053/005

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P. 01

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TOTAL : 2M 6S PAGES: 7

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DATE: May 7, 1998

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TO:

Larry Lane
Bureau of Land Management
Wildlife Resource Area

FAX NUMBER: 1-435-688-

FROM:

Wayne Hestey
Minerals Reclamation and Development Program

m/053/005

BEFORE THE DIVISION OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---oo0oo---

IN THE MATTER OF AN	:	
EMERGENCY ORDER ISSUED BY	:	EMERGENCY ORDER
THE DIRECTOR OF THE DIVISION OF	:	
OIL, GAS AND MINING CONCERNING	:	
THE GOLDSTRIKE MINE, M/053/005,	:	
WASHINGTON COUNTY, UTAH	:	

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The Director of the Division of Oil, Gas and Mining ("Division") hereby issues an Emergency Order directing the operators of the Goldstrike Mine to immediately provide assurances of USMX of Utah Inc.'s ("USMX") ability to conduct safe operations and begin necessary reclamation of the Goldstrike Mine site which is located in portions of Sections 16, 17, 19, 20, 21 and 30, Township 39 South, Range 18 West, and a portion of Section 25, Township 39 South, Range 19 West, Salt Lake Base Meridian ("SLBM"), Washington County, Utah. The operator of record is USMX. The company representative is Doug D. Jensen, Environmental Coordinator, USMX of Utah Inc., P.O. Box 2650, St. George, Utah 84771. The Order in its entirety appears below.

AUTHORITY

1. This Order is issued by the Division Director pursuant to Utah Code Annotated § 40-8-7 (1953, as amended) and Utah Code Annotated § 63-46b-20 (1953, as amended).

2. The names and address of all persons to whom the Emergency Order should be given are as follows:

Doug D. Jensen
Environmental Coordinator
USMX of Utah, Inc.
P.O. Box 2650
St. George, Utah 84771

Joe G. Kircher
Vice President, Operations
Dakota Mining Corporation
410 Seventeenth Street, Suite 2450
Denver, Colorado 80202

U.S. Bureau of Land Management
Dixie Resource Area
345 East Riverside Drive
St. George, Utah 84770

Mary Ann Wright
Associate Director, Mining
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

STATEMENT OF REASON FOR UTILIZATION OF EMERGENCY ORDER NOTICE

3. Pursuant to Sections 63-46b-20 of Utah Code Annotated (1953, as amended), the Division provides the following statement for utilizing its emergency adjudicative proceedings. The Goldstrike Mine is located approximately thirty-five miles northwest of St. George, Utah. It is located in an area subject to heavy precipitation. A series of heavy precipitation events have occurred at the Goldstrike Mine since it began operations which have resulted in a number of unplanned emergency discharges of contaminated effluent from the containment ponds into the adjacent drainage(s) downgradient from the mine. Recorded emergency discharges occurred on the following dates: February 21, 1990, March 9, 1990, October 16, 1990, March 1, 1991, December 29, 1994, March 11-13, 1995, and March 25, 1998. The Division believes that similar weather conditions combined with the deteriorating

financial condition of USMX have created an immediate and significant danger to the public health, safety or welfare. The situation cannot be addressed in a timely manner under the normal procedural rules of the Board of Oil, Gas and Mining. Thus, the Division Director has elected to proceed under Utah Administrative Code R647-5-106(18) (1998) and Utah Code Annotated § 63-46b-20 (1953, as amended).

FINDINGS OF FACT

1. The Goldstrike Mine is operated by USMX of Utah Inc. ("USMX") which is a subsidiary of Dakota Mining Corporation.
2. Neither USMX nor Dakota Mining Corporation have the financial strength to complete reclamation of the site located in portions of Sections 16, 17, 19, 20, 21 and 30, Township 39 South, Range 18 West, and a portion of Section 25, Township 39 South, Range 19 West, Salt Lake Base Meridian ("SLBM"), Washington County, Utah.
3. Unpredictable weather conditions have the potential to overwhelm the existing capacity of the operator's processing and emergency storage ponds which could result in unauthorized discharges of contaminated effluent draining from the heap leach pads.
4. Due to exceedingly wet weather conditions, USMX needs to pump contaminated effluent draining from heaps numbers one and two into their main processing ponds, back onto the saturated heaps and/or into the emergency storage pond. The ponds and heaps have limited storage capacity and are susceptible to additional unauthorized discharges to downstream surface waters. The electric pumps are powered by a diesel generator which requires fuel to operate.

5. A bankruptcy of the parent of USMX, Dakota Mining Corporation, may preclude USMX from acquiring fuel to run the generators which produce the electricity for the water pumps.

6. A failure of USMX to operate the pumps will result ⁱⁿ an immediate and significant danger to the public health, safety or welfare.

CONCLUSIONS OF LAW

1. The facts known show that an immediate and significant danger of waste or other danger to the public health, safety, or welfare exists.

2. The threat requires immediate action.

3. The Order requires only the action necessary to prevent or avoid the danger to the public health, safety, or welfare.

ORDER

The Division Director issues the following Order:

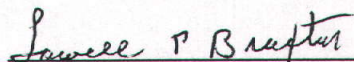
1. USMX of Utah Inc. and Dakota Mining Corporation shall provide the Division, within fourteen days, with a plan to conduct all necessary reclamation of the site to prevent the discharge of contaminants due to the adverse weather conditions. In the plan, USMX of Utah Inc. and Dakota Mining Corporation shall demonstrate to the Division that they have sufficient resources to implement the submitted plan.

2. USMX of Utah Inc. and Dakota Mining Corporation shall provide the Division, within fourteen days, with assurances that in the event of their bankruptcy, adequate funds exist to operate the pumps at the site.

3. This Board Order shall be effective until the May 27, 1998 Board hearing.

4. The Division shall commence a formal adjudicative proceeding before the Board of Oil, Gas and Mining at the May 27, 1998 hearing.

ISSUED this 5 day of May, 1998.



Lowell P. Braxton, Acting Director
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
Phone (801) 538-5340

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the within and foregoing EMERGENCY ORDER regarding Goldstrike Mine to be mailed by certified mail, postage prepaid, this 5 day of May, 1998, to the following:

CERTIFIED MAIL

P 074 977 314

Doug D. Jensen
Environmental Coordinator
USMX of Utah, Inc.
P.O. Box 2650
St. George, Utah 84771

FACSIMILE (907) 561-0839

(303) 376-2751 and

CERTIFIED MAIL

P 074 977 315

Joe G. Kircher
Vice President, Operations
Dakota Mining Corporation
410 Seventeenth Street, Suite 2450
Denver, Colorado 80202

CERTIFIED MAIL

P 074 977 316

U.S. Bureau of Land Management
Dixie Resource Area
345 East Riverside Drive
St. George, Utah 84770

Mary Ann Wright
Associate Director, Mining
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(Hand Delivered)

Daniel G. Moquin, Esq.
Assistant Attorney General
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0855
(Hand Delivered)

